

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
MARENGO, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

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IOWA VALLEY COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2008 Election)		
Don Cronbaugh	President	2008
Jane Fry	Vice President	2009
Kenneth Caes	Board Member	2008
Janet Findlater	Board Member	2009
Larry Nelson	Board Member	2009
<u>Board of Education</u>		
(After September 2008 Election)		
Jane Fry	President	2009
Janet Findlater	Vice President	2009
Larry Nelson	Board Member	2009
Dennis Roberts	Board Member	2011
Mark Swift	Board Member	2011
<u>School Officials</u>		
Alan Jensen	Superintendent	2011
Lynda K. Johnson	District Secretary/Treasurer	2009
Harned & McMeen	Attorney	2009

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Iowa Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Iowa Valley Community School District, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Iowa Valley Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2010 on our consideration of Iowa Valley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 40 through 41 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
January 15, 2010

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Basic Financial Statements

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 2,121,917	\$ 11,951	\$ 2,133,868
Receivables:			
Property tax:			
Current year	43,904	-	43,904
Succeeding year	1,976,954	-	1,976,954
Income surtax	391,923	-	391,923
Interfund receivable (payable) (note 3)	28,113	(28,113)	-
Accounts	8,016	-	8,016
Due from other governments	146,722	-	146,722
Inventories	-	8,776	8,776
Restricted ISCAP assets (note 5):			
Investments	1,655,490	-	1,655,490
Accrued interest receivable	12,242	-	12,242
Prepaid expenses	710	-	710
Capital assets, net of accumulated depreciation (note 6)	4,250,918	37,594	4,288,512
Total assets	10,636,909	30,208	10,667,117
Liabilities			
Accounts payable	214,096	417	214,513
Salaries and benefits payable	560,511	22,103	582,614
Accrued interest payable	7,143	-	7,143
ISCAP warrants payable (note 5)	1,631,000	-	1,631,000
ISCAP accrued interest payable (note 5)	6,233	-	6,233
ISCAP unamortized premium (note 5)	27,830	-	27,830
Deferred revenue:			
Succeeding year property tax	1,976,954	-	1,976,954
Other	78,393	3,149	81,542
Long-term liabilities (note 7):			
Portion due within one year:			
Early retirement	90,440	-	90,440
Bonds payable	170,000	-	170,000
Portion due after one year:			
Early retirement	43,250	-	43,250
Bonds payable	2,085,000	-	2,085,000
Total liabilities	6,890,850	25,669	6,916,519

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 1,995,918	\$ 37,594	\$ 2,033,512
Restricted for:			
Categorical funding	255,366	-	255,366
Management levy	111,498	-	111,498
Physical plant and equipment levy	282,852	-	282,852
Other special revenue purposes	161,377	-	161,377
Capital projects	676,502	-	676,502
Unrestricted	262,546	(33,055)	229,491
Total net assets	\$ <u>3,746,059</u>	\$ <u>4,539</u>	\$ <u>3,750,598</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction	\$ 4,031,386	\$ 339,933	\$ 531,281
Support services:			
Student services	173,910	-	47,275
Instructional staff services	139,137	-	41,965
Administration services	595,723	-	-
Operation and maintenance of plant services	452,053	1,477	-
Transportation services	151,167	-	1,470
	<u>1,511,990</u>	<u>1,477</u>	<u>90,710</u>
Non-instructional programs	<u>4,551</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	30,298	-	-
Long-term debt interest and fiscal charges	90,728	-	-
AEA flowthrough	229,080	-	229,080
Depreciation (unallocated) *	124,524	-	-
	<u>474,630</u>	<u>-</u>	<u>229,080</u>
Total governmental activities	<u>6,022,557</u>	<u>341,410</u>	<u>851,071</u>
Business-Type Activities:			
Support services:			
Food service operations	<u>8,025</u>	<u>-</u>	<u>-</u>
Non-instructional programs:			
Food service operations	268,550	157,959	123,689
Other enterprise operations	60,455	37,243	7,768
	<u>329,005</u>	<u>195,202</u>	<u>131,457</u>
Total business-type activities	<u>337,030</u>	<u>195,202</u>	<u>131,457</u>
Total	\$ 6,359,587	\$ 536,612	\$ 982,528

Net (Expense) Revenue and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (3,160,172)	\$ -	\$ (3,160,172)
(126,635)	-	(126,635)
(97,172)	-	(97,172)
(595,723)	-	(595,723)
(450,576)	-	(450,576)
(149,697)	-	(149,697)
<u>(1,419,803)</u>	<u>-</u>	<u>(1,419,803)</u>
<u>(4,551)</u>	<u>-</u>	<u>(4,551)</u>
(30,298)	-	(30,298)
(90,728)	-	(90,728)
-	-	-
<u>(124,524)</u>	<u>-</u>	<u>(124,524)</u>
<u>(245,550)</u>	<u>-</u>	<u>(245,550)</u>
<u>(4,830,076)</u>	<u>-</u>	<u>(4,830,076)</u>
-	(8,025)	(8,025)
-	13,098	13,098
<u>-</u>	<u>(15,444)</u>	<u>(15,444)</u>
<u>-</u>	<u>(2,346)</u>	<u>(2,346)</u>
<u>-</u>	<u>(10,371)</u>	<u>(10,371)</u>
<u>(4,830,076)</u>	<u>(10,371)</u>	<u>(4,840,447)</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs

General Revenues:

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
Income surtax
Statewide sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
 in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 1,825,674	\$ -	\$ 1,825,674
88,413	-	88,413
48,582	-	48,582
413,040	-	413,040
488,580	-	488,580
2,803,631	-	2,803,631
60,635	86	60,721
40,220	-	40,220
<u>5,768,775</u>	<u>86</u>	<u>5,768,861</u>
938,699	(10,285)	928,414
<u>2,807,360</u>	<u>14,824</u>	<u>2,822,184</u>
<u>\$ 3,746,059</u>	<u>\$ 4,539</u>	<u>\$ 3,750,598</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	\$ 972,540	\$ 616,337	\$ 527,880	\$ 2,116,757
Receivables:				
Property tax:				
Current year	38,138	-	5,766	43,904
Succeeding year	1,749,633	-	227,321	1,976,954
Income surtax	230,543	-	161,380	391,923
Interfund receivable (note 3)	28,113	-	-	28,113
Accounts	8,016	-	-	8,016
Due from other governments	73,895	72,827	-	146,722
Restricted ISCAP assets (note 5):				
Investments	1,655,490	-	-	1,655,490
Accrued interest receivable	12,242	-	-	12,242
Prepaid expenses	710	-	-	710
Total assets	<u>\$ 4,769,320</u>	<u>\$ 689,164</u>	<u>\$ 922,347</u>	<u>\$ 6,380,831</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 201,434	\$ 12,662	\$ -	\$ 214,096
Salaries and benefits payable	558,204	-	2,307	560,511
ISCAP warrants payable (note 5)	1,631,000	-	-	1,631,000
ISCAP accrued interest payable (note 5)	6,233	-	-	6,233
ISCAP unamortized premium (note 5)	27,830	-	-	27,830
Deferred revenue:				
Succeeding year property tax	1,749,633	-	227,321	1,976,954
Other	308,936	-	161,380	470,316
Total liabilities	<u>4,483,270</u>	<u>12,662</u>	<u>391,008</u>	<u>4,886,940</u>
Fund balance:				
Reserved for:				
Categorical funding	255,366	-	-	255,366
Prepaid expenses	710	-	-	710
Debt service	-	-	3,302	3,302
Unreserved, reported in:				
General fund	29,974	-	-	29,974
Special revenue funds	-	-	528,037	528,037
Capital projects fund	-	676,502	-	676,502
Total fund balances	<u>286,050</u>	<u>676,502</u>	<u>531,339</u>	<u>1,493,891</u>
Total liabilities and fund balances	<u>\$ 4,769,320</u>	<u>\$ 689,164</u>	<u>\$ 922,347</u>	<u>\$ 6,380,831</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2009

Total fund balances of governmental funds	\$ 1,493,891
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,250,918
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	391,923
The balance of the Internal Service Fund, reported as a proprietary fund, is included in the government-wide statements because of the relationship of the internal transactions to the government as a whole.	5,160
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(7,143)
Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,388,690)</u>
Net assets of governmental activities	<u>\$ 3,746,059</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 1,941,955	\$ 488,580	\$ 432,252	\$ 2,862,787
Tuition	144,967	-	-	144,967
Other	111,776	17,341	202,440	331,557
State sources	3,454,057	-	196	3,454,253
Federal sources	167,692	-	-	167,692
Total revenues	5,820,447	505,921	634,888	6,961,256
Expenditures:				
Current:				
Instruction	3,753,354	-	200,854	3,954,208
Support services:				
Student services	173,834	-	80	173,914
Instructional staff services	116,035	23,101	-	139,136
Administration services	573,362	-	13,721	587,083
Operation and maintenance of plant services	410,157	-	40,450	450,607
Transportation services	118,123	-	10,641	128,764
	1,391,511	23,101	64,892	1,479,504
Non-instructional programs	-	-	4,551	4,551
Other expenditures:				
Facilities acquisition	-	307,315	-	307,315
Long term debt:				
Principal	-	-	165,000	165,000
Interest and fiscal charges	-	-	91,140	91,140
AEA flowthrough	229,080	-	-	229,080
	229,080	307,315	256,140	792,535
Total expenditures	5,373,945	330,416	526,437	6,230,798
Excess of revenues over expenditures	446,502	175,505	108,451	730,458

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total
Other financing sources (uses):				
Interfund transfers in (note 4)	\$ -	\$ -	\$ 168,000	\$ 168,000
Interfund transfers out (note 4)	-	-	(168,000)	(168,000)
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	446,502	175,505	108,451	730,458
Fund balances beginning of year	(160,452)	500,997	422,888	763,433
Fund balances end of year	<u>\$ 286,050</u>	<u>\$ 676,502</u>	<u>\$ 531,339</u>	<u>\$ 1,493,891</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 730,458

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 277,017	
Depreciation expense	<u>(171,138)</u>	105,879

The change in balance of the Internal Service Fund represents an overcharge to the governmental funds for services rendered and is therefore included in the government-wide statements as an adjustment to expenses. (685)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 165,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 412

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	<u>(62,365)</u>
------------------	-----------------

Change in net assets of governmental activities \$ 938,699

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009

	Enterprise Fund			Internal Service Fund
	School Nutrition	Other Enterprise	Total	Flex 125 Plan
Assets				
Cash and cash equivalents	\$ 11,951	\$ -	\$ 11,951	\$ 5,160
Inventories	8,776	-	8,776	-
Capital assets, net of accumulated depreciation (note 6)	37,594	-	37,594	-
Total assets	<u>58,321</u>	<u>-</u>	<u>58,321</u>	<u>5,160</u>
Liabilities				
Interfund payable (note 3)	-	28,113	28,113	-
Accounts payable	417	-	417	-
Salaries and benefits payable	13,051	9,052	22,103	-
Deferred revenue	3,149	-	3,149	-
Total liabilities	<u>16,617</u>	<u>37,165</u>	<u>53,782</u>	<u>-</u>
Net Assets				
Invested in capital assets	37,594	-	37,594	-
Unrestricted	<u>4,110</u>	<u>(37,165)</u>	<u>(33,055)</u>	<u>5,160</u>
Total net assets	<u>\$ 41,704</u>	<u>\$ (37,165)</u>	<u>\$ 4,539</u>	<u>\$ 5,160</u>

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2009

	Enterprise Fund			Internal Service Fund
	School Nutrition	Other Enterprise	Total	Flex 125 Plan
Operating revenues:				
Local sources:				
Charges for services	\$ 157,959	\$ 37,243	\$ 195,202	\$ 14,604
Operating expenses:				
Support services:				
Purchased services	7,525	-	7,525	15,313
Supplies	500	-	500	-
	8,025	-	8,025	15,313
Non-instructional programs:				
Salaries	73,633	44,783	118,416	-
Benefits	33,088	13,412	46,500	-
Supplies	156,231	2,260	158,491	-
Depreciation	5,598	-	5,598	-
	268,550	60,455	329,005	-
Total expenses	276,575	60,455	337,030	15,313
Operating loss	(118,616)	(23,212)	(141,828)	(709)
Non-operating revenues:				
Interest on investments	67	19	86	24
State sources	3,568	7,768	11,336	-
Federal sources	120,121	-	120,121	-
Total non-operating revenues	123,756	7,787	131,543	24
Change in net assets	5,140	(15,425)	(10,285)	(685)
Net assets beginning of year	36,564	(21,740)	14,824	5,845
Net assets end of year	\$ 41,704	\$ (37,165)	\$ 4,539	\$ 5,160

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

	Enterprise Fund			Internal Service Fund
	School Nutrition	Other Enterprise	Total	Flex 125 Plan
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 156,878	\$ -	\$ 156,878	\$ -
Cash received from miscellaneous operating activities	836	37,243	38,079	14,604
Cash payments to employees for services	(107,614)	(57,899)	(165,513)	-
Cash payments to suppliers for goods or services	(144,347)	(2,260)	(146,607)	(15,313)
Net cash used by operating activities	(94,247)	(22,916)	(117,163)	(709)
Cash flows from non-capital financing activities:				
Increase in due to other funds	-	15,129	15,129	-
State grants received	3,568	7,768	11,336	-
Federal grants received	98,481	-	98,481	-
Net cash provided by non-capital financing activities	102,049	22,897	124,946	-
Cash flows from investing activities:				
Interest on investments	67	19	86	24
Net increase (decrease) in cash and cash equivalents	7,869	-	7,869	(685)
Cash and cash equivalents beginning of year	4,082	-	4,082	5,845
Cash and cash equivalents end of year	\$ 11,951	\$ -	\$ 11,951	\$ 5,160

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

	Enterprise Fund			Internal Service Fund
	School Nutrition	Other Enterprise	Total	Flex 125 Plan
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ (118,616)	\$ (23,212)	\$ (141,828)	\$ (709)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	5,598	-	5,598	-
Commodities used	21,876	-	21,876	-
(Increase) in inventories	(2,378)	-	(2,378)	-
Increase in accounts payable	411	-	411	-
(Decrease) increase in salaries and benefits payable	(893)	296	(597)	-
Increase in deferred revenue	(245)	-	(245)	-
Net cash used by operating activities	\$ <u>(94,247)</u>	\$ <u>(22,916)</u>	\$ <u>(117,163)</u>	\$ <u>(709)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$21,876 of federal commodities.

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2009

	Private Purpose Trust	Scholarship
Assets:		
Cash and pooled investments	\$ 58,120	
Accounts receivable	<u>2,906</u>	
Total assets		<u>61,026</u>
Liabilities:		
None		<u>-</u>
Net assets:		
Reserved for scholarships	\$ <u>61,026</u>	

See notes to financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2009

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Fundraisers and contributions	\$ 65,851
Interest	<u>2,247</u>
Total additions	<u>68,098</u>
Deductions:	
Support services:	
Supplies	68,098
Scholarships awarded	7,521
Unrealized loss on investments	<u>4,959</u>
Total deductions	<u>80,578</u>
Change in net assets	(12,480)
Net assets beginning of year	<u>73,506</u>
Net assets end of year	\$ <u><u>61,026</u></u>
See notes to financial statements.	

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

Iowa Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Marengo, Iowa, and agricultural territory in Iowa County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Iowa Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Iowa Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Iowa County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Interfund Receivables/Payables – Certain transactions occur between funds in the normal course of District business. These transactions are shown as interfund receivables and payables to the extent that such transactions have not been repaid by year end.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned grant revenues and unearned meal revenues.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The District had no compensated absences liability at June 30, 2009.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$1,487,595.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures in the non-instructional programs function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 2. Cash and Pooled Investments (continued)

At June 30, 2009, the District had investments as follows:

	<u>Value</u>
Money Market Mutual Funds	\$ 12,128
Iowa Schools Joint Investment Trust - Diversified Portfolio	<u>2,113,838</u>
	<u>\$ 2,125,966</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Money Market Mutual Fund is stated at fair value, determined based on securities traded on a national or international exchange based on the last reported sales price at current exchange rates.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service. The investment in the Money Market Mutual Funds is not rated.

Note 3. Interfund Receivables/Payables

The detail of the District's interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise Fund, Preschool	\$ <u>28,113</u>

This amount arises due to pooled cash funds.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue: Physical Plant and Equipment Levy	\$ <u>168,000</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2008-09A	6/26/2008	6/25/2009	\$ -	\$ 7,943	\$ -	\$ -	-
2008-09B	1/21/2009	1/21/2010	448,679	4,176	443,000	5,944	4,833
2009-10A	6/25/2009	6/23/2010	1,206,811	123	1,188,000	289	22,997
Total			\$ 1,655,490	\$ 12,242	\$ 1,631,000	\$ 6,233	\$ 27,830

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ -	\$ 100,000	\$ 100,000	\$ -

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Iowa Schools Cash Anticipation Program (ISCAP) (continued)

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2008-09A	3.50%	3.469%
2008-09B	3.00%	2.110%
2009-10A	2.50%	0.902%

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 253,500	\$ -	\$ -	\$ 253,500
Capital assets being depreciated:				
Buildings	6,269,218	255,335	-	6,524,553
Improvements other than buildings	342,258	-	-	342,258
Furniture and equipment	809,133	21,682	-	830,815
Total capital assets being depreciated	<u>7,420,609</u>	<u>277,017</u>	<u>-</u>	<u>7,697,626</u>
Less accumulated depreciation for:				
Buildings	2,634,083	122,713	-	2,756,796
Improvements other than buildings	297,637	8,165	-	305,802
Furniture and equipment	597,350	40,260	-	637,610
Total accumulated depreciation	<u>3,529,070</u>	<u>171,138</u>	<u>-</u>	<u>3,700,208</u>
Total capital assets being depreciated, net	<u>3,891,539</u>	<u>105,879</u>	<u>-</u>	<u>3,997,418</u>
Governmental activities capital assets, net	<u>\$ 4,145,039</u>	<u>\$ 105,879</u>	<u>\$ -</u>	<u>\$ 4,250,918</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 82,558	\$ -	\$ -	\$ 82,558
Less accumulated depreciation	39,366	5,598	-	44,964
Business-type activities capital assets, net	<u>\$ 43,192</u>	<u>\$ (5,598)</u>	<u>\$ -</u>	<u>\$ 37,594</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	\$ 14,127
Support services:	
Administration	8,639
Operation and maintenance of plant services	1,446
Transportation	22,402
	<u>46,614</u>
Unallocated depreciation	<u>124,524</u>
Total governmental activities depreciation expense	<u>\$ 171,138</u>
Business-type activities:	
Enterprise operations	<u>\$ 5,598</u>

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 71,325	\$ 77,440	\$ 15,075	\$ 133,690	\$ 90,440
General obligation bonds	2,420,000	-	165,000	2,255,000	170,000
Total	<u>\$ 2,491,325</u>	<u>\$ 77,440</u>	<u>\$ 180,075</u>	<u>\$ 2,388,690</u>	<u>\$ 260,440</u>

Early Retirement

The District offered a one-time voluntary early retirement plan to its certified employees for the year ended June 30, 2009. Eligible employees had to have completed thirteen years of contracted service to the District and have been at least 55 years old before June 30, 2009.

The early retirement benefit for each eligible employee was a cash payment of 50% of the employee's present year salary excluding any extracurricular salaries, extended contract, Phase III and Teacher Quality payments. An employee can also remain on the District's health insurance program as long as they pay the entire monthly premium.

The District offered various plans in prior years as early retirement incentives. Details of these plans are available upon request.

At June 30, 2009, the District had obligations to 6 participants with a total liability of \$133,690. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$15,075. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 7. Long-Term Liabilities (continued)

General Obligation Bonds

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	3.10 %	\$ 170,000	\$ 85,715	\$ 255,715
2011	3.25	175,000	80,445	255,445
2012	3.45	185,000	74,758	259,758
2013	3.55	190,000	68,375	258,375
2014	3.70	195,000	61,630	256,630
2015	3.80	205,000	54,415	259,415
2016	3.90	210,000	46,625	256,625
2017	4.00	215,000	38,435	253,435
2018	4.10	230,000	29,835	259,835
2019	4.20	235,000	20,405	255,405
2020	4.30	245,000	10,535	255,535
		<u>\$ 2,255,000</u>	<u>\$ 571,173</u>	<u>\$ 2,826,173</u>

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$217,874, \$201,514, and \$197,236, respectively, equal to the required contributions for each year.

Note 9. Risk Management

Iowa Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$229,080 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Subsequent Event

In August, 2009, the District entered into various contracts totaling \$279,000 for an auditorium renovation project.

Note 12. Financial Condition

The District's Enterprise Fund, Preschool had a deficit unrestricted net assets balance of \$37,165 at June 30, 2009. In addition, the District's business-type activities had a deficit unrestricted net assets balance of \$33,055 at June 30, 2009.

Required Supplementary Information

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2009

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 3,339,311	\$ 195,288	\$ 3,534,599	\$ 3,564,062	\$ (29,463)
State sources	3,454,253	11,336	3,465,589	3,557,043	(91,454)
Federal sources	167,692	120,121	287,813	217,000	70,813
Total revenues	6,961,256	326,745	7,288,001	7,338,105	(50,104)
EXPENDITURES/EXPENSES:					
Instruction	3,954,208	-	3,954,208	4,337,500	383,292
Support services	1,479,504	8,025	1,487,529	1,912,400	424,871
Non-instructional programs	4,551	329,005	333,556	302,300	(31,256)
Other expenditures	792,535	-	792,535	1,038,190	245,655
Total expenditures/expenses	6,230,798	337,030	6,567,828	7,590,390	1,022,562
Excess (deficiency) of revenues over (under) expenditures/ expenses	730,458	(10,285)	720,173	(252,285)	972,458
Other financing sources, net	-	-	-	1,000	(1,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	730,458	(10,285)	720,173	(251,285)	971,458
Balance beginning of year	763,433	14,824	778,257	379,601	398,656
Balance end of year	\$ 1,493,891	\$ 4,539	\$ 1,498,430	\$ 128,316	\$ 1,370,114

See accompanying independent auditor's report.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2009, expenditures in the non-instructional programs function exceeded the amount budgeted.

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Other Supplementary Information

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Assets					
Cash and pooled investments	\$ 244,626	\$ 161,434	\$ 120,425	\$ 1,395	\$ 527,880
Receivables:					
Property tax:					
Current year	2,812	-	1,047	1,907	5,766
Succeeding year	75,000	-	65,206	87,115	227,321
Income surtax	-	-	161,380	-	161,380
Total assets	\$ 322,438	\$ 161,434	\$ 348,058	\$ 90,417	\$ 922,347
Liabilities and Fund Balances					
Liabilities:					
Salaries and benefits payable	\$ 2,250	\$ 57	\$ -	\$ -	\$ 2,307
Deferred revenue:					
Succeeding year property tax	75,000	-	65,206	87,115	227,321
Other	-	-	161,380	-	161,380
Total liabilities	77,250	57	226,586	87,115	391,008
Fund balances:					
Reserved for:					
Debt service	-	-	-	3,302	3,302
Unreserved:					
Undesignated	245,188	161,377	121,472	-	528,037
Total fund balances	245,188	161,377	121,472	3,302	531,339
Total liabilities and fund balances	\$ 322,438	\$ 161,434	\$ 348,058	\$ 90,417	\$ 922,347

See accompanying independent auditor's report.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ 125,268	\$ -	\$ 218,636	\$ 88,348	\$ 432,252
Other	10,814	190,370	1,256	-	202,440
State sources	96	-	35	65	196
Total revenues	136,178	190,370	219,927	88,413	634,888
Expenditures:					
Current:					
Instruction	24,628	176,226	-	-	200,854
Support services:					
Student services	80	-	-	-	80
Administration services	13,721	-	-	-	13,721
Operation and maintenance of plant services	40,450	-	-	-	40,450
Transportation services	10,641	-	-	-	10,641
Non instructional programs	4,551	-	-	-	4,551
Other expenditures:					
Long term debt:					
Principal	-	-	-	165,000	165,000
Interest and fiscal charges	-	-	-	91,140	91,140
Total expenditures	94,071	176,226	-	256,140	526,437
Excess (deficiency) of revenues over (under) expenditures	42,107	14,144	219,927	(167,727)	108,451
Other financing sources (uses):					
Interfund transfers in	-	-	-	168,000	168,000
Interfund transfers out	-	-	(168,000)	-	(168,000)
Total other financing sources (uses)	-	-	(168,000)	168,000	-

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Net change in fund balances	\$ 42,107	\$ 14,144	\$ 51,927	\$ 273	\$ 108,451
Fund balances beginning of year	203,081	147,233	69,545	3,029	422,888
Fund balances end of year	<u>\$ 245,188</u>	<u>\$ 161,377</u>	<u>\$ 121,472</u>	<u>\$ 3,302</u>	<u>\$ 531,339</u>

See accompanying independent auditor's report.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
AFS Club	\$ 1,628	\$ -	\$ -	\$ 1,628
Ambassadors of Music	-	-	-	-
Annual	4,481	10,355	6,459	8,377
Band	3,545	7,854	7,402	3,997
Choir - Sunshine Inn	755	9,343	6,610	3,488
Class of:				
2008	412	-	-	412
2009	1,129	63	308	884
2010	-	6,146	4,857	1,289
2011	25	50	-	75
Dramatics - Senior High/Junior High	3,090	5,626	6,062	2,654
FCS Club	508	327	474	361
FFA	13,543	26,714	25,252	15,005
Fine Arts Special Projects	27,645	10,326	3,966	34,005
Interest Income	8,555	1,034	1,528	8,061
IV Boys BB Camp	168	1,410	1,522	56
IV Girls BB Camp	351	785	1,054	82
IV FB/Track Camp	2,930	8,804	9,035	2,699
IV Softball Camp	825	2,080	1,397	1,508
IV Girls VB Camp	1,210	4,066	2,112	3,164
IV Special Events	-	-	-	-
JH Cheerleaders	132	-	-	132
HS Cheerleaders	2,454	1,267	1,788	1,933
National Honor Society	-	-	-	-
Pep Club	2,376	4,292	3,197	3,471
Playground Project	373	-	-	373
S.O.A.R.	-	-	-	-
Student Council - Elem	3,142	833	347	3,628
Student Council - HS	29,047	10,995	12,392	27,650
SICL	-	-	-	-
TAG - Special Project	4	4	4	4
Tiger's Eye	1,876	141	171	1,846
Tiger Pride Videos	473	-	-	473
Spanish Trip	6,749	481	7,195	35
Baseball	-	2,591	4,405	(1,814)
Basketball - Boys	2,563	4,196	3,758	3,001
Basketball - Girls	929	3,800	4,505	224
Football	6,126	21,446	20,024	7,548

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Golf - Boys & Girls	\$ -	\$ 458	\$ 490	\$ (32)
Softball	-	1,964	2,649	(685)
Track - Boys	7,459	7,901	6,836	8,524
Track - Girls	2,041	9,551	6,903	4,689
Volleyball	2,130	5,340	2,997	4,473
Wrestling	5,675	12,905	16,085	2,495
Special Events	2,884	7,222	4,442	5,664
Total	\$ 147,233	\$ 190,370	\$ 176,226	\$ 161,377

See accompanying independent auditor's report.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

		Modified Accrual Basis Years Ended June 30,				
		2009	2008	2007	2006	2005
Revenues:						
Local sources:						
Local tax	\$	2,862,787	\$ 2,885,059	\$ 2,672,973	\$ 2,260,877	\$ 1,999,518
Tuition		144,967	104,244	159,160	127,401	133,010
Other		331,557	196,782	445,902	347,904	307,765
Intermediate sources		-	2,446	-	-	-
State sources		3,454,253	3,333,862	3,145,971	3,140,564	2,906,807
Federal sources		167,692	142,668	138,600	151,901	154,165
Total revenues	\$	<u>6,961,256</u>	<u>6,665,061</u>	<u>6,562,606</u>	<u>6,028,647</u>	<u>5,501,265</u>
Expenditures:						
Instruction	\$	3,954,208	\$ 3,682,576	\$ 3,960,891	\$ 3,967,370	\$ 3,685,635
Support services:						
Student services		173,914	131,993	198,377	192,850	196,432
Instructional staff services		139,136	148,739	144,168	86,402	216,939
Administration services		587,083	666,380	658,850	649,443	580,017
Operation and maintenance of plant services		450,607	441,493	431,878	436,270	407,681
Transportation services		128,764	141,463	232,534	204,699	150,272
Non-instructional programs		4,551	4,204	4,604	16,078	21,568
Other expenditures:						
Facilities acquisition		307,315	78,732	228,212	75,276	5,261
Long-term debt:						
Principal		165,000	160,000	155,000	155,000	155,000
Interest and fiscal charges		91,140	95,465	100,115	104,765	109,415
AEA flowthrough		229,080	215,770	203,803	198,574	189,855
Total expenditures	\$	<u>6,230,798</u>	<u>5,766,815</u>	<u>6,318,432</u>	<u>6,086,727</u>	<u>5,718,075</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Iowa Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Iowa Valley Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Iowa Valley Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Iowa Valley Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Iowa Valley Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-B-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Iowa Valley Community School District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Iowa Valley Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Iowa Valley Community School District and other parties to whom Iowa Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
January 15, 2010

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

- I-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted all payroll duties are performed by one individual.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We have assessed this finding and concluded that any further changes would not be cost effective.

Conclusion – Response accepted.

- I-B-09 Financial Reporting – During the audit, we identified material amounts of capital asset additions and adjustments not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all capital asset transactions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any capital asset transactions.

Conclusion – Response accepted.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

- II-A-09 Certified Budget – Expenditures for the year ended June 30, 2009, exceeded the amount budgeted in the non-instructional programs function.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We will amend our budget before expenditures exceed the budget in the future.

Conclusion – Response accepted.

- II-B-09 Questionable Expenditures – We noted one expenditure that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979. The District paid \$1,331 in penalties as a result of the untimely filing of a federal payroll tax return.

Recommendation – The District should ensure that all payroll reports are accurately and timely filed to avoid any penalties and interest.

Response – This was an oversight on one report. We will timely and accurately file all payroll tax returns in the future.

Conclusion – Response accepted.

- II-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-09 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mark Swift, Board Member Owner of Brown’s True Value Hardware	School supplies	\$3,503

In accordance with Chapter 279.7A of the Code of Iowa, the transaction appears to represent a conflict of interest since the cumulative amount was greater than \$2,500 for the fiscal year.

Recommendation – The District should contact legal counsel for advice toward the best resolution of this situation.

Response – This is a new situation due to the election of Mr. Swift to the Board in September, 2008. These types of supplies are hard to purchase in Marengo due to the limited number of vendors and would be more expensive to purchase elsewhere. We will look into this situation in the future.

Conclusion – Response accepted.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

II-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-09 Certified Enrollment – We noted in our testing of the basic enrollment data certified to the Department of Education that the number of open-enrolled out students on line 8 was understated by one student.

Recommendation – The District should contact the Iowa Department of Education and properly resolve this difference.

Response – This error was due to another District claiming the student as a resident student rather than open-enrolled in. We have contacted the Department of Education and explained the problem and resolved the difference.

Conclusion – Response accepted.

II-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-I-09 Certified Annual Report – The Certified Annual Report was timely certified to the Iowa Department of Education. However, we noted significant deficiencies in the amounts reported.

Recommendation – The District has reported certain funds as Agency funds to the State. However, these funds would be more properly classified as private-purpose trust funds and have been reclassified as such for financial reporting purposes.

Response – We will consider reclassifying these funds for future reporting to the State of Iowa.

Conclusion – Response accepted.

II-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IOWA VALLEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

- II-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$	-
Statewide sales and services tax revenue		488,580
Expenditures/transfers out:		
None		<u>-</u>
Ending balance	\$	<u><u>488,580</u></u>

- II-L-09 Financial Condition – At June 30, 2009, the District's business-type activities had deficit unrestricted net assets of \$33,055, and the District's Enterprise Fund, Preschool had unrestricted deficit net assets of \$37,165.

Recommendation – The District should investigate alternatives to eliminate these deficits and return the business-type activities and enterprise funds to sound conditions and insure that individual student activity accounts are monitored more closely.

Response – We will investigate alternatives to eliminate these deficits.

Conclusion – Response accepted.

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